

# **Exhibit 354**

## **(Filed Under Seal)**

\* H I G H L Y   C O N F I D E N T I A L \*

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

Civil Action File No. 14-CV-7473

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THE PEOPLE OF THE STATE OF NEW YORK, by  
and through ERIC T. SCHNEIDERMAN, Attorney  
General of the State of New York,

Plaintiff,

- against -

ACTAVIS, PLC and FOREST LABORATORIES, LLC,

Defendants.

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October 25, 2014

8:02 a.m.

Videotaped Deposition of  
BRENTON L. SAUNDERS, pursuant to Notice,  
held at the offices of White & Case LLP,  
1155 Avenue of the Americas, New York, New  
York, before Jineen Pavesi, a Registered  
Professional Reporter, Registered Merit  
Reporter, Certified Realtime Reporter and  
Notary Public of the State of New York.

<p style="text-align: right;">Page 2</p> <p>1 2 APPEARANCES: 3 STATE OF NEW YORK 4 OFFICE OF THE ATTORNEY GENERAL 5 ERIC T. SCHNEIDERMAN 6 120 Broadway 7 New York, New York 10271-0332 8 Attorneys for Plaintiff 9 BY: ERIC STOCK, ESQ. 10 eric.stock@ag.ny.gov 11 ELINOR HOFFMAN, ESQ. 12 elinor.hoffmann@ag.ny.gov 13 LUCY HALLAM-EAMES, ESQ. 14 lucy.hallam-eames@ag.ny.gov 15 16 WHITE &amp; CASE LLP 17 1155 Avenue of the Americas 18 New York, New York 10036-2787 19 Attorneys for Acravis and Forest 20 BY: J. MARK GIDLEY, ESQ. 21 mgidley@whitecase.com 22 MARTIN M. TOTO, ESQ. 23 mtoto@whitecase.com 24 AMANDA MURPHY, ESQ. 25 amurphy@whitecase.com 26 PETER J. CARNEY, ESQ. 27 pcarney@whitecase.com 28 29 ALSO PRESENT: 30 TARA OPALINSKI, Legal Assistant, White &amp; 31 Case 32 ROBERT BAILEY, ESQ., Actavis 33 MARC FRIEDMAN, The Video Technician 34 35</p>	<p style="text-align: right;">Page 4</p> <p>1 2 of New York, Case No. 14-CV-7473. 3 The name of the witness is 4 Brenton L. Saunders. 5 At this time the attorneys in 6 the room will identify themselves, the 7 parties they represent, starting with the 8 noticing attorney, after which time our 9 court reporter, Jineen Pavesi representing 10 Veritext, will swear in the witness and we 11 can proceed. 12 Counsel. 13 MR. STOCK: This is Eric Stock, 14 I am here on behalf of the New York 15 Attorney General's Office. 16 MS. HOFFMAN: Elinor Hoffman on 17 behalf of New York Attorney General's 18 Office. 19 MR. GIDLEY: Mark Gidley of 20 White &amp; Case on behalf of Forest/Actavis. 21 MR. TOTO: Martin Toto, also 22 White &amp; Case for Forest/Actavis. 23 MS. MURPHY: Amanda Murphy, also 24 White &amp; Case on behalf of Forest/Actavis. 25 MR. BAILEY: Robert Bailey,</p>
<p style="text-align: right;">Page 3</p> <p>1 2 THE VIDEO TECHNICIAN: We are 3 now on the record. 4 Please note that microphones 5 are sensitive and may pick up whispering 6 and private conversations. 7 Please turn off all cell phones 8 or place them away from the microphones as 9 they can interfere with the deposition 10 audio. 11 Recordings will continue until 12 all parties agree to go off the record. 13 My name is Marc Friedman 14 representing Veritext Legal Services, the 15 date today is October 25, 2014, and the 16 time is approximately 8:02 a.m. 17 This deposition is being held 18 in the office of White &amp; Case located at 19 1155 Avenue of the Americas, New York, New 20 York, it is being taken by counsel for the 21 plaintiff. 22 The caption of this case is the 23 State of New York versus Actavis PLC, et 24 al., this case is filed in the United 25 States District Court, Southern District</p>	<p style="text-align: right;">Page 5</p> <p>1 2 general counsel, Actavis. 3 BRENTON L. SAUNDERS, 4 having first been duly sworn by a Notary 5 Public of the State of New York, was 6 examined and testified as follows: 7 EXAMINATION BY 8 MR. STOCK: 9 Q. Thank you, Mr. Saunders, and 10 may I also thank you for attending today, 11 I know you have a lot on your plate. 12 I am going to ask you a couple 13 of questions about the issues involved in 14 the New York versus Actavis case and the 15 court reporter will take down everything 16 we say and prepare a complete transcript 17 of this deposition. 18 Do you understand that? 19 A. I do. 20 Q. Do you understand that this 21 transcript and the video may be used in 22 court? 23 A. I understand. 24 Q. So although there is no judge 25 or jury sitting here today, you understand</p>



<p style="text-align: right;">Page 354</p> <p>1 SAUNDERS - HIGHLY CONFIDENTIAL</p> <p>2 But the manufacturing group is</p> <p>3 still all the same group and so that is a</p> <p>4 shared resource in our company and so,</p> <p>5 again, until I'm satisfied that the focus</p> <p>6 on the new products, on the innovative</p> <p>7 products, is complete, I am not going to</p> <p>8 allow them to divert resources to the IR.</p> <p>9 Q. You're certainly open to the</p> <p>10 possibility that distributing Namenda IR</p> <p>11 through the Actavis generic side of the</p> <p>12 business may not undermine the increased</p> <p>13 focus that you're aiming for in the forced</p> <p>14 switch?</p> <p>15 MR. GIDLEY: Objection to form,</p> <p>16 mischaracterizing the prior testimony.</p> <p>17 A. I am absolutely not saying</p> <p>18 that.</p> <p>19 Q. What are you saying?</p> <p>20 A. I am saying there may be a</p> <p>21 point in the future where I'm satisfied</p> <p>22 that it could, and if at that time I</p> <p>23 believe that, then we will make a</p> <p>24 different decision.</p> <p>25 But as of today I am not</p>	<p style="text-align: right;">Page 356</p> <p>1 SAUNDERS - HIGHLY CONFIDENTIAL</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 Q. But if you concluded now that</p> <p>5 you were willing to offer an authorized</p> <p>6 generic for a Namenda IR in the future and</p> <p>7 you were willing to incur the additional</p> <p>8 manufacturing responsibilities, then you</p> <p>9 could launch now, is that right?</p> <p>10 MR. GIDLEY: Objection,</p> <p>11 incomplete hypothetical.</p> <p>12 A. Conceivably we could do</p> <p>13 whatever we wanted, but we don't have --</p> <p>14 unfortunately, we don't live in a world of</p> <p>15 infinite resources.</p> <p>16 Q. What is discovery research?</p> <p>17 A. It is the most basic science</p> <p>18 around looking for molecules and biologics</p> <p>19 and other medicines that would have</p> <p>20 activity against a targeted disease.</p> <p>21 Q. So looking for new drugs, is</p> <p>22 that right?</p> <p>23 MR. GIDLEY: Objection --</p> <p>24 A. Well, they have got a long way</p> <p>25 to go before they become drugs after</p>
<p style="text-align: right;">Page 355</p> <p>1 SAUNDERS - HIGHLY CONFIDENTIAL</p> <p>2 allowing them to do an authorized generic.</p> <p>3 The only reason I raise it is</p> <p>4 to show you that they believe it will be a</p> <p>5 highly profitable market for the generics.</p> <p>6 Q. If you concluded now that</p> <p>7 Actavis generic could distribute the</p> <p>8 product without interfering with the brand</p> <p>9 division's focus, might you allow them to</p> <p>10 start the authorized generic now?</p> <p>11 MR. GIDLEY: Object to the</p> <p>12 form, foundation.</p> <p>13 A. Probably not.</p> <p>14 Q. Why not?</p> <p>15 A. Because I want our people</p> <p>16 focused on XR and we certainly don't have</p> <p>17 the fixed dose combination out yet so</p> <p>18 we've got a lot of work to do there, it is</p> <p>19 only one part of the equation.</p> <p>20 Q. [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 MR. GIDLEY: Object to form.</p> <p>24 A. [REDACTED]</p> <p>25 [REDACTED]</p>	<p style="text-align: right;">Page 357</p> <p>1 SAUNDERS - HIGHLY CONFIDENTIAL</p> <p>2 discovery research.</p> <p>3 Q. Is that kind of the heart of</p> <p>4 innovation in the pharmaceutical industry?</p> <p>5 MR. GIDLEY: Objection to the</p> <p>6 form.</p> <p>7 A. I would say absolutely not.</p> <p>8 Q. Why not?</p> <p>9 A. Because the pharmaceutical</p> <p>10 industry stinks at it.</p> <p>11 Q. Please explain.</p> <p>12 A. Virtually every drug that has</p> <p>13 come to market has not been discovered in</p> <p>14 the labs of pharmaceutical companies.</p> <p>15 In fact, in the last decade,</p> <p>16 the only drug I can think of that has come</p> <p>17 from, of any size, that's come from the</p> <p>18 original labs of the pharmaceutical</p> <p>19 company is Januvia for Merck.</p> <p>20 Every other one has been bought</p> <p>21 and licensed and then developed in-house.</p> <p>22 Q. So you don't think</p> <p>23 pharmaceutical companies are innovating by</p> <p>24 developing new drugs?</p> <p>25 MR. GIDLEY: Objection,</p>

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